

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3719-01  
Bill No.: HB 1331  
Subject: Secretary of State: Businesses  
Type: Original  
Date: February 6, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Technology	(\$39,900)	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$39,900)</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials of the **Office of Secretary of State - Business Services Division** assume The Knowledge Base computer system would need to be modified by the vendor; there would be a one time cost associated with the system modification. System modifications are performed by a contracted vendor. Officials estimate a one-time cost to the State Technology Fund of \$39,900 in fiscal year 2007.

Officials of the **Office of Secretary of State's - Administrative Rules Division** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$1,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Officials of the **Office of Attorney General** (AGO) assumes there would be no costs before July 1, 2007 because this proposal would not take effect until then. After July 1, 2007, the AGO would receive referrals from the SOS if there are violations of the No Mail List. AGO anticipates that it can absorb these costs. However, if the number of referrals becomes significant, the AGO may request future appropriations to provide adequate staff to enforce the referrals from the SOS.

Officials of the **Office of State Court Administrator** assume on fiscal impact on the Courts.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
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**TECHNOLOGY FUND**

<u>Cost</u> to Secretary of State computer system modification	<u>(\$39,900)</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT TO TECHNOLOGY FUND</b>	<b><u>(\$39,900)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Oversight assumes there would be a positive impact on small businesses who opt to not receive junk mail because they will save time. Small business owners who use bulk business information obtained from the Secretary of State's Office may see a decrease in the number of mailings they can send since they will not be able to send to anyone opting into the program.

## DESCRIPTION

This bill requires the Secretary of State to establish and operate a no-mail database by July 1, 2007. The database must contain a list of businesses that do not want to receive mailed solicitations. The Secretary of State can use money appropriated from General Revenue or money in the Technology Trust Fund for this purpose. Businesses will not be charged a fee to be listed in the no-mail database.

The Attorney General may initiate proceedings against entities who violate the no-mail list. Civil penalties of up to \$5,000 for each violation may be levied. Participants who believe this law has been violated can also bring an action to end the violations or to recover monetary damages in the amount of actual losses arising from the violation or up to \$5,000 in damages for each violation, whichever is greater. Participants must bring an action within two years of the violation.

"Bulk business information" is defined as any information businesses are required to submit in filings to the Secretary of State which can then be obtained through an authorized computer account in any bulk or multiple-listing database.

"Mail solicitation" is defined as any written or printed communication sent, delivered, and/or received by the United States mail service for the purpose of encouraging the purchase or rental of property, goods, or services. It does not include communications:

- (1) Sent with the participant's prior approval;
- (2) Sent by a person or entity with whom the participant has a current business relationship or had business contact with during the last 180 days;
- (3) Sent by a 501(c)(3) organization if done while the organization is engaged in fund raising to support its cause; or
- (4) Sent by a person responding to a referral or working from his or her primary residence or a person who is attempting to carry out a trade or set an appointment to do so.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Attorney General  
Office of Secretary of State  
Office of State Court Administrator

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 6, 2006